



STATE OF NEW MEXICO
OFFICE OF THE STATE ENGINEER
DISTRICT 1

TOM BLAINE, P.E.
NEW MEXICO STATE ENGINEER

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Albuquerque, NM 87109 (505) 383-4000

March 9, 2017

File No.: 1605 and B-28

Bill Pearson
Mining Environmental Compliance Section
Groundwater Quality Bureau- New Mexico Environment Department
Harold Runnels Building
1190 Saint Francis Drive
Santa Fe, NM 87502

RE: HOMESTAKE MINING COMPANY (HMC) WELL INTEGRITY

Mr. Pearson,

This letter is in response to your request for review of the down hole video you provided of the four (4) wells identified as: Deep Well #1, Deep Well #2, Old Well #1, and #928 which indicates all of the wells have integrity issues which may allow for the comingling of the Chinle Aquifer with the deeper confined San Andreas/Glorieta (SAG) Aquifer. The State Engineer does not allow the comingling of aquifers per New Mexico Administrative Code (NMAC) 19.27.4.31. The review of HMC permits 1605 & B-28 PODs 1338 through 1342 approved by the State Engineer states that HMC will replace the SAG well if the original well casing integrity is shown to be inadequate.

Water Rights Division findings:

1605 & B-28 POD 1338 (aka replacement for Deep Well #1)

As a Condition of Approval, HMC had 20 days to submit a well record after completing the well. The State Engineer received a well record for 1605 & B-28 POD 1338 on September 25, 2012 therefore; the well that was being replaced must be plugged. The video log of Deep Well #1 identified the casing has failed and must be plugged.

1605 & B-28 POD 1339 (aka replacement for Deep Well #2)

As a Condition of Approval, HMC had 20 days to submit a well record after completing the well. The State Engineer has not received a well record for 1605 & B-28 POD 1339 so it is assumed the POD has not been drilled. The video log of Deep Well #2 identified the casing has failed and must be plugged and replaced.

1605 & B-28 POD 1342 (aka replacement for #928)

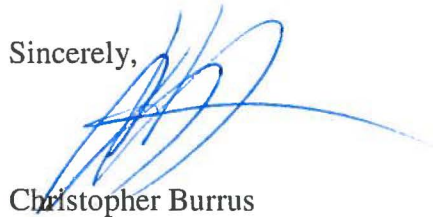
As a Condition of Approval for POD 1342, HMC had 20 days to submit a well record after completing the well. The State Engineer has not received a well record for 1605 & B-28 POD 1342 however, several of the submittals from HMC state #928 has been replaced with #928R. As a condition of the permit HMC must plug #928.

Old Well #1

This well is a declared well which does not carry a NMOSE permit however, the video log shows the casing has been compromised.

Thanks again for providing the well video logs. I hope this review of HMC permits assists your program. The referenced NMOSE Permits can be viewed on the State Engineers website at <http://nmwrrs.ose.state.nm.us/nmwrrs/index.html>.

Sincerely,



Christopher Burrus
Water Resource Specialist
Albuquerque, OSE, District 1

C: CB/cb

Cc: WRAB;

Laura Petronis, Hydrology Bureau;

Tom Wohlford, Closure Manager, Homestake Mining Company